

# FDAC EMPLOYMENT BENEFITS AUTHORITY

## Board of Directors Teleconference Meeting

Monday, December 6, 2010

9:30 a.m. – 11:30 a.m.

**Call-In Number:** (866) 704-7500

**Passcode:** 978212

**Subscriber PIN:** 381060

7 Erba Lane, Scotts Valley, CA 95066  
318 Pepperwood Drive, Cloverdale, CA 95425  
8200 Old Redwood Hwy., Windsor, CA  
1364 Tavern Road, Alpine, CA 91901  
1215 K Street, Suite 2290, Sacramento, CA 95814

### *Agenda*

<i>Item</i>	<i>Action</i>
<b>I. Welcome and Introductions</b>	
<b>II. Public Comment</b>	<b>Discussion</b>
<b>III. Consent Calendar</b>	<b>Action</b>
<b>A. Minutes – November 16, 2010</b>	
<b>IV. Possible Termination of North Central FPD</b>	<b>Info/Action</b>
<i>The Board will discuss North Central FPD, and the fact that they have no active employees remaining in the pool, which may be cause for termination.</i>	
<b>V. Bylaws Revision</b>	<b>Info/Action</b>
<i>The Board will discuss a potential Bylaws revision regarding terms and conditions of membership.</i>	
<b>VI. Underwriting Criteria</b>	<b>Info/Action</b>
<i>The Board will discuss amend/update the underwriting criteria that establishes requirements for involvement in the JPA.</i>	
<b>VII. Delta Dental Prefund Authorization</b>	<b>Info/Action</b>
<i>The Board will discuss how to appropriate funds for the three districts enrolled in the self-insured dental product to ensure payments are received by Delta Dental in a timely manner.</i>	
<b>VIII. Next Meeting</b>	<b>Discussion</b>
<b>A. January 6, 2011 – Planning Session</b>	
<b>IX. Adjourn</b>	<b>Action</b>

**FDAC Employment Benefits Authority**  
**Board of Directors Meeting**  
Tuesday, November 16, 2010

**In Attendance**

Mike McMurry, President  
Charlene Virts, Director  
Ron Collier, Director

**Consultants/Guests**

Melissa Dixon, Administrator  
David McMurchie, Legal Counsel  
Anna Marie White, Thoits  
Rosa Soria, Thoits  
Helen Buhagiar, Thoits  
David Turner, Turner Consulting  
Joe Barcelos, North Central FPD

President Mike McMurry called the meeting to order at 9:43 a.m. A quorum was established, and there was no public comment.

**Consent Calendar**

The Board addressed the consent calendar, which included minutes from the August 25 and September 28 meetings, financials for the period ending October 2010, and ratifying the new Board member, Jean Moore from Alpine Fire. Staff was directed to follow-up on the accounts receivable listed on the balance sheet. Director Ron Collier moved to approve the consent calendar; Director Charlene Virts seconded. The motion passed unanimously.

**Possible Termination of North Central FPD**

Administrator Melissa Dixon explained to the Board that she had recently become aware that North Central FPD had only four retirees/directors left in the pool, who were being subsidized by roughly \$50 per month. In July 2006, North Central FPD joined the EBA with more than 40 lives. In 2007, North Central FPD entered into a contract for personnel with a nearby city, thereby moving all their active employees out of the EBA plan. Joe Barcelos with North Central FPD explained to the Board that back in 2006, before they joined the EBA, North Central's fire chief asked then-broker Jason Andrew if the retirees would be able to stay in the pool should that occur. Andrew noted that he would ask the FDAC EBA Board of Directors, then returned and said that the Board had approved it. The Board, however, has no recollection of any conversation. There was much discussion regarding this issue, with one suggestion for a resolution being to allow North Central to remain in the pool, but increase the rate to remove any subsidies. Staff was directed to identify the timeline (when they joined the pool, when the active members left); legal counsel was directed to amend the Bylaws to address these types of issues; and a meeting will be set in December to make a final decision.

**Potential Bylaws Revision**

The Board discussed adding language to the Bylaws that would provide a minimum enrollment of active employees to get or maintain coverage. It was decided, however, that the Bylaws would reference the underwriting criteria as the governing document, as the underwriting criteria is more malleable by the Board. The broker, actuary and legal counsel were requested to amend these documents in time for the December meeting. Amendments should include the ability to re-rate or terminate with a 10% or greater change in participation, a requirement that a certain percentage of employees be enrolled, and a percentage of an agency's participation that must be active.

**Strategic Planning**

The Board developed a broad list at a previous meeting for topics to be included at the January 6, 2011 strategic planning meeting. After some discussion, however, it was determined that the EBA should hold two distinct all-day meetings: the first to identify the EBA's future medical carrier, and the second to conduct a strategic plan. It was felt that the meeting set for January 6 should focus on medical carriers. Anna Marie White will coordinate presentations for that meeting from both HealthNet and Anthem Blue Cross. David Turner was directed to draft some standard questions to ask the carriers.

**Open Enrollment Update**

Thoits informed the Board that the open enrollment period had ended, and all changes were currently being made by BRMS. It was noted that Delta Dental is rated B++, and that any carrier with less than an A rating requires a disclaimer. There was also an issue with Delta Dental's self-funded plan with regard to billing, which Thoits is currently working with BRMS to attempt to alleviate. Staff was directed to verify that the reserve fund currently held by BRMS was reserved for just medical.

**Discussion on Withdrawals from the Plan**

It was noted that several questions had been raised regarding agencies withdrawing from the plan. Thoits explained that one of the reasons for identifying a new carrier was to provide better retiree rates, which should address this issue.

**Marketing, Branding and Materials**

Anna Marie White informed the Board that marketing was on hold until the new medical carrier was identified.

**Consultant Updates**

Administrator Dixon noted that the EBA had been audited again for its COBRA ARRA reimbursement requests, and that a new URL had been obtained for the FDAC EBA website, [www.firebenefits.org](http://www.firebenefits.org).

The Board set its next meeting as a conference call on December 6 at 9:30 a.m.

Having nothing further to discuss, the meeting was adjourned at 12:10 p.m.

Respectfully submitted,

Melissa Dixon  
Deputy Administrator

**BYLAWS  
OF  
FIRE DISTRICT ASSOCIATION OF CALIFORNIA  
EMPLOYMENT BENEFITS AUTHORITY**

THESE BYLAWS shall govern the operation and conduct of the business and affairs of the Fire District Association of California Employment Benefits Authority (hereinafter “FDAC Employment Benefits Authority” or the “Authority”).

**ARTICLE I  
MEMBERSHIP**

A. Eligibility

Any public agency organized under the laws of the State of California with the power to provide at least one of the following services: (1) fire suppression services, (2) emergency medical services, (3) hazardous material response services, (4) medical transport and/or ambulance services, (5) rescue services, and which is a member of the Fire Districts Association of California, is eligible for membership in FDAC Employment Benefits Authority subject to approval of its membership by the FDAC Employment Benefits Authority Board of Directors.

B. Participating Member

A “participating member agency” or “Member”, as that phrase is used herein is any eligible public agency in the State of California whose participation in FDAC Employment Benefits Authority has been approved by the members of its legislative body and the Board of Directors of FDAC Employment Benefits Authority; which is a member of the Fire District Association of California; which has executed the Joint Powers Agreement of which these Bylaws are a part; which maintains compliance with the Underwriting Criteria of the Authority throughout the term of its membership, as determined by the Board of Directors, and which has paid all contributions and fees required for those health and welfare benefit programs offered by FDAC Employment Benefits Authority in which the participating member agency is enrolled.

**Deleted:** which has enrolled, at a minimum, all of its active employees in one or more of the health and welfare benefit programs offered by the Authority

C. Successor Members

Should any participating member agency reorganize in accordance with the statutes of the State of California, the successor in interest, or successors in interest, if a member of the Fire Districts Association of California, may be substituted as a participating member

subject to approval by the members of its legislative body and the Board of Directors of FDAC Employment Benefits Authority.

D. Authority of Members

All participating member agencies shall have the right to vote, as set forth in these Bylaws, on the disposition of all or substantially all of the assets of FDAC Employment Benefits Authority, on any merger and its principal terms and any amendments of those terms, and on any election to terminate FDAC Employment Benefits Authority. Only participating member agencies in good standing are entitled to cast one vote on each such matter submitted to a vote of the Members. Participating member agencies who have maintained compliance with the Authority's Underwriting Criteria, as determined by the Board of Directors, who have timely paid the required contributions, fees and assessments in accordance with these Bylaws and the policies and procedures of FDAC Employment Benefits Authority, and who are not suspended as members, shall be members in good standing.

**Deleted:** who have maintained enrollment of all of their active employees in Authority health and welfare benefit programs

E. Admission Fee

Any agency approved for participation in FDAC Employment Benefits Authority after the effective date of the Joint Powers Agreement and these Bylaws may be required to pay an admission fee in such amount as may be established by the members of the Board of Directors of FDAC Employment Benefits Authority.

F. Annual Membership Meeting

An Annual Membership Meeting shall be held after the close of each fiscal year at such time, on such date, and at such place as shall be determined by the Board of Directors. The Secretary shall furnish to each participating member agency a written notice of the time, place and date of the annual meeting at least thirty (30) days before the date of the meeting. At each Annual Membership Meeting, the President shall submit a status report with respect to each of the health and welfare benefit programs offered by FDAC Employment Benefits Authority, a report of the claims experience within each such program, and an audited financial report for FDAC Employment Benefits Authority for the preceding year.

Fifty-One Percent (51%) of the total authorized number of participating member agencies shall constitute a quorum for the transaction of any item of business by the Members. If a quorum is present, the affirmative vote of a majority of the Members represented at the

meeting entitled to vote and voting on any matter, shall be deemed an act of the Members. Each Member shall be entitled to one vote. No Member shall have the right to vote by means of a proxy.

**ARTICLE II  
BOARD OF DIRECTORS**

A. Powers

The business and affairs of FDAC Employment Benefits Authority shall be managed, and all powers of this joint powers authority shall be exercised by or under the direction of the Board of Directors. The specific powers of the Board of Directors in managing the affairs of this Joint Powers Authority are specified in the Joint Powers Agreement.

B. Appointment of Directors

The Board of Directors shall consist of five directors appointed by the Board of Directors of the Fire Districts Association of California. At the time of such appointment and selection, and at all times thereafter, a director so designated must be, and must continue to be during his/her entire term of office a member of the legislative body of a participating Member, or a management employee of that Member. Only one director from any individual Member may serve on the Board of Directors at the same time. If, at the time of such appointment and selection of members of the Board of Directors, there are an insufficient number of Members to generate five appointees to the Authority's Board of Directors, the Board of Directors of the Fire District Association of California may appoint directors who must be, and must continue to be during his/her entire term of office, a member of the Board of Directors of the Fire District Association of California. Each Director shall serve a term of 4 years. However, at the time of appointment of the initial Board of Directors of FDAC Employment Benefits Authority, three of the duly appointed Directors, determined by lot, shall be assigned a term of office of 2 years to provide for an initial Board of Directors of five members with staggered four year terms. The Board of Directors of the Fire District Association of California shall appoint representatives to the Board of Directors of FDAC Employment Benefits Authority every two years in order to maintain such staggered terms. Any Director may be selected or appointed to additional terms of office.

C. Vacancy

Upon the death or resignation of a member of the Board of Directors, the vacancy shall be filled for the balance of the unexpired term by appointment by the Fire District Association of California Board of Directors.

D. Meetings of the Board of Directors

An organizational meeting of the Board of Directors shall be held as soon as possible after the commencement of each fiscal year. This business shall be for the purpose of election of officers and transaction of other business as required.

Regular meetings of the Board of Directors shall be held at any place within the State of California that has been designated by the Board in the notice of the meeting.

Special meetings of the Board of Directors, for any purpose, may be called at any time by the President. Notice of the time and place of special meeting shall be given to each Director by (a) personal delivery of written notice; or (b) first class mail, postage prepaid; or (c) telephone, including voicemail; or (d) facsimile; or (e) electronic mail; or (f) other electronic means. All such notices shall be given or sent to each Director's last known address as shown on the records of FDAC Employment Benefits Authority. Notice of the special meeting must be provided 24-hours in advance of the meeting to all members of the Board of Directors. The notice should indicate that the meeting called is a special meeting, and shall state the time, place and business to be transacted at the meeting. No other business shall be considered at the special meeting.

Notice of any regular or special meeting of the Board of Directors need not be given to any Director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. All such waivers, consents and/or approvals shall be filed with the Secretary and made a part of the minutes of the meeting.

All meetings of the Board of Directors, including regular, adjourned, and special meetings shall be called, noticed, held, and conducted in accordance with the provisions of the Ralph M. Brown Act (*Government Code* section 54956 et seq.).

E. Quorum and Required Vote

A quorum of at least three members of the Board of Directors must be present at any meeting before the business of the Board of Directors can be transacted. The vote of a

majority of the authorized number of members of the Board of Directors shall be required for any act or decision of the Board of Directors.

F. Expenses

The members of the Board of Directors shall be reimbursed for all reasonable and necessary travel expenses when required and incurred in connection with attendance at a meeting of the Board of Directors or a committee thereof. Travel expenses shall include all charges for transportation, meals, and lodging, other than first-class airfare. The cost of travel by private automobile shall be at a rate per mile established by the Board of Directors, but reimbursement for the cost of travel by automobile shall not exceed the applicable airfare charge.

**ARTICLE III  
OFFICERS**

At the first meeting of the Board of Directors, and thereafter at the first meeting following January 1 of each year, the Board of Directors shall elect a President, a Vice-President, and a Secretary to serve for a one-year term or until a successor is elected. Such officers shall serve at the pleasure of the Board of Directors. In the event the President, Vice-President, or Secretary so elected ceases to be a member of the Board of Directors, the resulting vacancy in office shall be filled at the next regular meeting of the Board of Directors after such vacancy occurs.

The President shall preside at and conduct all meetings of the Board of Directors, and shall carry out the resolutions and orders of the Board of Directors, and shall exercise such other powers and perform such other duties as the Board of Directors shall prescribe. In his/her absence, the Vice-President shall carry out the duties of the President. The Secretary shall record the minutes of all meetings, prepare agendas, records and correspondence, attest documents requiring the execution by authorized representatives of FDAC Employment Benefits Authority, and to fulfill other duties normally required of the Secretary.

The Board of Directors shall appoint an Administrator who shall have general administrative responsibility for the activities of this joint powers authority, and shall be responsible for all minutes, notices and records of meetings and shall perform such other duties as may be assigned by the Board of Directors. The Administrator shall serve as Treasurer of

FDAC Employment Benefits Authority pursuant to *Government Code* section 6505.6, and perform those duties specified in *Government Code* section 6505.5.

#### **ARTICE IV CONTRIBUTIONS**

A. Payment of Contributions

Each participating member agency shall comply with all of the enrollment requirements specified in the Authority's Underwriting Criteria, as determined by the Board of Directors. Each participating member agency shall pay to FDAC Employment Benefits Authority or its designee by contract each fiscal year the annual contributions for each health and welfare benefit program offered by FDAC Employment Benefits Authority in which the participating member agency is enrolled, calculated as provided in this Article. Commencing with the first month of participation, each participating member shall pay a proportionate part of its annual contribution in advance, as described below:

**Deleted:** Each participating member agency shall, at a minimum, enroll all of its active employees in one or more health and welfare benefit programs offered by the Authority during each Program Year during the period of that member agency's membership. Each participating member agency shall have the option of enrolling their retirees and elected governing board members in each Program Year.

1. A Member joining on the first day of a calendar quarter shall pay in advance one-fourth (1/4) of its annual contribution for each health and welfare benefit program in which it is enrolled, and a like amount on the first day of each calendar quarter thereafter;

2. A Member joining on the first day of any other month shall pay one-sixth (1/6) or one-twelfth (1/12) of its annual contribution for each health and welfare benefit program in which it is enrolled, i.e., an amount sufficient to pay its contribution for each such program to the end of the current calendar quarter. Thereafter, on the first day of each calendar quarter of participation, each participating member shall pay one-fourth (1/4) of its annual contribution for each health and welfare benefit program in which it is enrolled.

Payment shall be delinquent if not received by FDAC Employment Benefits Authority or its designee by the close of business on the tenth day of the first month of each calendar quarter.

B. Calculation of Contributions

The amount of the annual contribution for each participating member agency for each health and welfare benefit program in which such Member is enrolled shall be calculated by reference to the FDAC Employment Benefits Authority rates for each health and welfare benefit program offered, as adopted by the FDAC Employment Benefits Authority Board of Directors

based upon the advice, consultation and negotiations between the Board of Directors, the Authority's insurance brokers and consultants, and various providers of health and welfare benefit programs. Such program rates will be adopted by the Board of Directors for each health and welfare benefit program offered by the Authority on an annual basis. The amount of the annual contribution for each participating member agency for each health and welfare benefit program in which such Member is enrolled for each Program Year shall be calculated by multiplying such Authority rates by the number and type of enrollees of that member district as determined by the Authority's Underwriting Criteria. The Board of Directors has authority to modify the contributions so computed for any member agency based upon criteria developed and established by the Board of Directors.

**Deleted:** of all active employees together with their dependents enrolled in Authority programs, and the number of retirees and governing board members which a participating member agency has elected to enroll in an Authority program for a Program Year.

**Deleted:** ¶

At least 60 days before the commencement of each fiscal year, the Administrator will determine the contribution for each member agency for all of its enrollees with respect to each health and welfare benefit program in which such Member is enrolled for the new fiscal year, and shall promptly notify such Member of the amount of such contribution for each health and welfare benefit program in which such Member is enrolled. An invoice will be sent to each member agency specifying the amount of that member agency's contribution for each health and welfare benefit program in which such Member is enrolled for the ensuing fiscal year. Any agency which is a Member of the Authority at the beginning of a fiscal year shall pay to the Authority on July 1, and on the first day of each quarter thereafter, a contribution equal to 25% of that Member's total invoiced contributions for all health and welfare benefit programs in which such Member is enrolled. Any agency which becomes a Member after the beginning of a fiscal year shall, upon joining the Authority, pay an amount sufficient to pay its pro rata share of its total annual contributions for all health and welfare benefit programs in which such Member is enrolled to the end of the then current quarter, and shall thereafter pay its contributions quarterly until the end of the fiscal year.

**ARTICLE V  
FINANCIAL AFFAIRS**

A. Accounts and Records

FDAC Employment Benefits Authority shall establish and maintain such bank accounts and maintain such books and records as determined by the Board of Directors and as required by good accounting practice. Books and records of FDAC Employment Benefits

Authority shall be open to inspection at all reasonable times by authorized representatives of participating member agencies. Periodic financial reports shall be made to all participating member agencies.

B. Audit

FDAC Employment Benefits Authority shall obtain an annual certified audit of its accounts and records which audit shall be made by a certified public accountant and shall conform to generally accepted auditing standards. A copy of said report shall be filed as a public record with each of the participating member agencies. Such audit shall be obtained and filed within six months after the end of the fiscal year under examination.

C. Fiscal Year

FDAC Employment Benefits Authority shall operate on the fiscal year commencing July 1 and ending on the following June 30.

D. Agency Funds

All funds received for the purposes of FDAC Employment Benefits Authority shall be utilized solely for the purposes of FDAC Employment Benefits Authority, and all expenditures of funds shall be made only upon signatures authorized by the Board of Directors, which shall establish the necessary procedures for doing so. Any funds not required for the immediate need of FDAC Employment Benefits Authority, as determined by the Board of Directors, may be invested in any manner authorized by law for the investment of funds of a public agency.

E. Contributions

Without in any way limiting the powers otherwise provided for in the Joint Powers Agreement, these Bylaws, or by statute, FDAC Employment Benefits Authority shall have the power and authority to receive, accept, and utilize the services of personnel offered by any Members, or their representatives or agents; to receive, accept, and utilize property, real or personal, from any Member or its agents or representatives; and to receive, accept, expend, and disburse funds by contract or otherwise, for purposes consistent with the provisions of FDAC Employment Benefits Authority, which funds may be provided by any participating Members, their agents, or representatives.

**ARTICLE VI  
DIVIDENDS AND ASSESSMENTS**

A. Dividends

Any surplus from the operation by FDAC Employment Benefits Authority of each health and welfare benefit program offered by FDAC Employment Benefits Authority may be distributed to the member agencies participating in each such program under such terms and conditions as may be determined by the Board of Directors. The amount of any dividends shall be determined by the Board of Directors based upon appropriate actuarial information, including the cash reserves on hand, the reserves for unpaid claims, the contributions paid and to be paid, the difference between revenues and expenses, and other relevant information.

B. Assessments

If, in the opinion of the Board of Directors, claims against participating member agencies in a program are of such a magnitude as to endanger the ability of FDAC Employment Benefits Authority to continue to meet its obligations with respect to such health and welfare benefit program, each member agency which has participated in such program during the current fiscal year and/or during any portion of the prior two fiscal years shall be assessed by FDAC Employment Benefits Authority a pro rata share of the additional amount determined necessary by the Board of Directors to restore the ability of FDAC Employment Benefits Authority to continue to meet its obligations with respect to such program offered by the Authority. Each member agency's pro rata share of the total assessment for each health and welfare benefit program assessed by the Authority shall be in the same proportion as the total contributions paid by that Member for that program during the current fiscal year and the last two fiscal years bear to the total contributions paid by all member agencies participating in such program during that period of time. Failure of any participating member agency to pay any regular contribution or assessment when due shall be cause for the involuntary termination of that agency's membership in FDAC Employment Benefits Authority. Such assessment shall be a debt due by all member agencies who have participated in an Authority program for which an assessment has been declared during said three-year period.

**ARTICLE VII  
TERMINATION OF MEMBERSHIP**

A. Voluntary Termination of Membership in a Program

After completing three full Program Years of participation in any health and welfare benefit program offered by FDAC Employment Benefits Authority, any participating member agency may voluntarily withdraw or terminate its participation in such a program at the end of any fiscal year by sending to the Authority a written Notice of Intention to Withdraw from a program at least six months prior to the end of the Program Year. No withdrawal shall become effective until the end of the applicable Program Year. A Member may rescind its Notice of Intention to Withdraw by filing written notification of such rescission with the Authority no later than ninety (90) days prior to the end of the Program Year.

A member agency voluntarily withdrawing and/or terminating its membership in any health and welfare benefit program offered by the Authority shall remain liable to the Authority for all contributions and assessments levied in any program in which such Member was enrolled that may become due pursuant to the terms of these Bylaws. No participating member agency that has voluntarily withdrawn or terminated its membership in any health and welfare benefit program offered by the Authority shall be entitled to any refund of contributions or to any return of loss reserve contribution by virtue of its participation in such program. Any participating member agency that has voluntarily withdrawn or terminated its membership in any program offered by the Authority shall also continue to be liable for any assessments levied by the Authority pursuant to these Bylaws after the date of such agency's withdrawal and/or termination of membership in a program that pertains to a year during which the withdrawn or terminated member agency was a participating member agency in such program offered by the Authority.

Any participating member agency that voluntarily withdraws or terminates its participation in any program offered by the Authority shall be entitled to receive its pro rata share of any dividends declared by the Board of Directors for that particular program after the date of its withdrawal and/or termination that pertains to a year during which the withdrawn or terminated member agency was a participating member agency in such program offered by the Authority.

B. Voluntary Withdrawal from the Authority

After completing three full Program Years of participation in FDAC Employment Benefits Authority, any participating member agency may voluntarily withdraw from FDAC

Employment Benefits Authority at the end of any Program Year by providing written Notice of Intention to Withdraw to FDAC Employment Benefits Authority at least six months prior to the end of such Program Year. No withdrawal shall become effective until the end of the applicable Program Year. A Member may rescind its Notice of Intention to Withdraw by filing written notification of such rescission with the Authority no later than ninety (90) days prior to the end of the Program Year.

A member agency voluntarily withdrawing and/or terminating its membership in the Authority shall remain liable to the Authority for all contributions and assessments levied in any program in which such Member was enrolled that may become due pursuant to the terms of these Bylaws. No participating member agency that has voluntarily withdrawn or terminated its membership in the Authority shall be entitled to any refund of contributions or to any return of loss reserve contribution by virtue of its participation in the Authority. Any participating member agency that has voluntarily withdrawn or terminated its membership in the Authority shall continue to be liable for assessments levied by the Authority, and shall continue to be entitled to receive its pro rata share of any dividends declared by the Board of Directors pursuant to the provisions of Article VII Section A above.

C. Involuntary Termination of Membership in the Authority

Any participating member agency may be involuntarily terminated as follows for any of the following reasons:

1. Failure to pay any contribution, surcharge or assessment when due.
2. Failure to maintain membership in the Fire Districts Association of

California.

3. Failure to maintain compliance with the Authority's Underwriting Criteria as determined by the Board of Directors.

**Deleted:** Failure to maintain minimum enrollment requirements in the Authority's programs, consisting of all active employees eligible for Authority programs for each Program Year of a Member's participation in the Authority.

4. Failure to comply promptly with any requirements established by the FDAC Employment Benefits Authority Board of Directors concerning loss control or other programs or procedures of the agency.

5. Failure to comply with the Bylaws or any other policies or procedures established by the FDAC Employment Benefits Authority Board of Directors.

6. Failure to sign any properly adopted amendment to the Joint Powers Agreement when requested to do so.

7. For cause, based upon a determination by the Board of Directors that such cause is detrimental to the FDAC Employment Benefits Authority and/or to the effectiveness of any of the health and welfare benefit programs offered by the Authority.

In the event a participating member agency fails to pay any contributions, surcharge, or assessment when due, or fails to maintain membership in the Fire District Association of California, or fails to comply with any of the other membership requirements specified in these Bylaws, FDAC Employment Benefits Authority may immediately mail to the delinquent agency a notice stating the delinquency and stating that coverage by FDAC Employment Benefits Authority will be canceled and terminated upon a date not less than thirty (30) days thereafter unless during that period of time the stated delinquency is corrected. Termination will be effective pursuant to notice if the delinquency is not corrected within the time stated.

Involuntary terminations may also be effected by FDAC Employment Benefits Authority giving written Notice of Intention to Terminate to the participating member agency upon a date not less than thirty (30) days thereafter for the reason or reasons set forth in this notice. The termination may be effective upon the date set forth in the notice unless prior to that effective date the participating member agency being terminated requests a hearing by the Board of Directors of FDAC Employment Benefits Authority. At the hearing evidence will be received as to the reasons for the termination and as to the reasons why the termination should not be completed. After such hearing, the vote of four (4) members of the FDAC Employment Benefits Authority Board of Directors shall be required to terminate a participating member agency as a member of the Authority. If, following the hearing, the FDAC Employment Benefits Authority Board of Directors decides to involuntarily terminate the participating member agency, then FDAC Employment Benefits Authority shall give such agency thirty (30) days written notice of its decision to involuntarily terminate such Member after hearing and the effective date of the termination. If no request for hearing by the Board of Directors is received, then the termination shall be effective upon the date set forth in the Notice of Intention to Terminate. A terminated member agency shall remain liable to FDAC Employment Benefits Authority for all

contributions and assessments that may become due as a result of its membership in FDAC Employment Benefits Authority and/or its participation in any of the health and welfare benefit programs offered by the Authority.

All notices provided for above shall be mailed “certified mail, return receipt requested”.

D. Payment Upon Involuntary Termination

Any member agency which is involuntarily terminated from FDAC Employment Benefits Authority shall have no residual rights in any funds or other assets of FDAC Employment Benefits Authority, whether or not resulting from participation by the member agency, and the member agency shall continue to be responsible for the amount of any costs, contributions, liabilities, assessments, surcharges or contingencies required because of the member agency’s participation in FDAC Employment Benefits Authority or any of its health and welfare benefit programs as set forth in these Bylaws. An involuntarily terminated member agency shall not be entitled to share in any dividends declared in any program offered by the Authority during those years in which the involuntarily terminated member agency was a participant in that program.

**ARTICLE VIII  
INSURANCE**

The Authority shall have the right, and shall use its best efforts to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any Officer, Directors, employee, or agent in such capacity or arising from the Officer’s, Director’s, employee’s or agent’s status as such.

The Authority shall maintain, at a minimum, the following insurance policies:

(1) a general liability insurance policy protecting the Authority and its directors, officers and employees from damage claims by third parties alleging personal injury and/or property damage;

(2) Director’s and Officer’s Liability Coverage with Fiduciary Liability and Employee Dishonesty endorsements;

(3) a fidelity bond covering employees and/or agents of the Authority as deemed necessary and reasonable by the Board of Directors.

**ARTICLE IX  
TERMINATION OF FDAC EMPLOYMENT BENEFITS AUTHORITY**

Upon termination of FDAC Employment Benefits Authority pursuant to the Joint Powers Agreement, provision shall be made for the payment of all known claims in each of the health and welfare benefit programs offered by the Authority; for insuring, reinsuring or making other provision for the payment of any and all unknown claims covered by any insurance coverage or coverage program provided by FDAC Employment Benefits Authority to a member agency and occurring during its period of coverage by FDAC Employment Benefits Authority; and for the payment of all debts, liabilities, administrative expenses and obligations of FDAC Employment Benefits Authority. After having paid or made provision for all such matters, FDAC Employment Benefits Authority shall pay to each member agency who was a member of FDAC Employment Benefits Authority at the time of termination its pro rata share of the remaining assets of FDAC Employment Benefits Authority. An agency's pro rata share shall be in the same proportion as the total contributions paid by that agency to FDAC Employment Benefits Authority during its period of participation in any or all of the programs offered by the Authority bears to the total contributions paid to FDAC Employment Benefits Authority during its period of operation by all agencies participating in any or all of the programs offered by the Authority and who are members of FDAC Employment Benefits Authority at the time of termination.

**ARTICLE X  
AMENDMENTS**

These Bylaws may be amended at any time by majority vote of the Board of Directors following a thirty (30) day written notice to all participating member agencies as to the amendment proposed to be adopted, except that they Bylaws cannot be amended in any way that would conflict with the terms and provisions of the Joint Powers Agreement.

**ARTICLE XI  
EFFECTIVE DATE**

These Bylaws shall become effective immediately upon the effective date of the Joint Powers Agreement.

**CERTIFICATE OF SECRETARY**

I certify that I am the duly elected and acting Secretary of FDAC Employment Benefits Authority, California Joint Powers Authority; these Bylaws, consisting of 15 pages are the Bylaws of this corporation as adopted by the Board of Directors of FDAC Employment Benefits Authority on \_\_\_\_\_, 2010; and that these Bylaws have not been amended or modified since that date. Executed on \_\_\_\_\_, 2010 at Sacramento, California

\_\_\_\_\_  
Secretary of  
FDAC Employment Benefits Authority



## UNDERWRITING CRITERIA

### ELIGIBLE DISTRICTS

To be eligible for benefits through the FDAC EBA JPA, your Fire Protection District must be a member of the Fire District Association of California. In addition to being a member of the FDAC, your District must sign the JPA Agreement and be approved as a member District by the Board of Directors. Eligible employees of your District are active safety employees, administrative staff, retirees, elected board members, and their eligible dependents.

In order to participate in the medical, dental and vision program, your district must have active paid staff. Descriptions of eligible employees are shown below.

### ACTIVE EMPLOYEES

To be eligible for benefits, you must be employed with a Fire Protection District as a regular employee and work at least 30 hours per week. Part time employees who work at least 20 hours per week may also be eligible depending on your District's guidelines.

### RETIREES

Your District has the option to offer coverage through the FDAC EBA to retirees, but only at the time your District joins the FDAC EBA.

**Deleted:** at the time you join the FDAC EBA.

- Retirees must elect coverage at the time of retirement. Once coverage is elected a retiree must have continuous coverage. If a retiree elects to opt-out of the District group health plan, they will not be allowed to join at a later time
- Retirees not covered by a District's health plan at the time a District is admitted to membership in FDAC EBA cannot later be covered. Those who retire after the effective date of FDAC EBA membership are also eligible for coverage.
- Retirees and Spouses are required to enroll in Medicare Part A & B in order to remain on the District sponsored health plan.
- Retirees will be billed directly through the FDAC EBA Administrator for premiums.

**Deleted:** Retirees that are not currently covered by the District's health plan cannot be retroactively covered.

## BOARD MEMBERS

Your District has the option to offer coverage to their elected Board Members. This option must be requested at the time you join the FDAC EBA.

- Board Members and future Board Members must elect coverage at the time their term begins. Once covered a Board Member must have continuous coverage. If a Board Member elects to opt-out of the District group health plan, they will not be able to join at a later time.
- Board Members that are not currently covered by the District's health plan cannot be retroactively covered. Only those Board Members who are actively serving or voted into office after the effective date of FDAC EBA membership are eligible for coverage.
- Benefits are available for the term of the Board Member's position. If a Board member is not reelected or resigns, coverage will terminate as of the end of that Board Member's term and they will be offered coverage continuation benefits under COBRA.
- Board Members must have medical coverage immediately prior to entering the FDAC EBA program to be eligible for enrollment in a District-Sponsored FDAC EBA plan.

**Deleted:** If the Board Member is not reelected and is terminated, they will be offered COBRA.

## DEPENDENTS

Eligible Active Employees, Retirees and Board Members have the option to enroll their dependents at the time of their initial enrollment.

### Medical

Participants may enroll their eligible dependents at initial enrollment, which is within 31 days of employment.

If an employee does not elect to cover their dependents at initial enrollment, they will have the option to enroll them during open enrollment or within 31-days of a qualifying event. Example; employee's eligible dependents are covered through their spouse's employer sponsored group health plan so they waive coverage for them at the initial enrollment. The spouse is terminated and therefore loses coverage, the spouse and dependents will be allowed to join the District's sponsored health plan as dependents within 31 days of losing coverage. Otherwise, they will have to wait until open enrollment.

### Dental/Vision and Voluntary Life Products

There are different requirements imposed by the carriers for these lines of coverage. Please refer to Benefit Program Specific Requirements.

You eligible dependents are:

- Your legal spouse or domestic partner.
- Your dependent children under age 26 who do not qualify for their own employer sponsored group health plan.
- Your unmarried child of any age who is physically or mentally handicapped as long as the disability occurred before the age of nineteen while he or she was covered by your current medical plan.

Domestic Partners must meet the following criteria:

- Both you and your domestic partner must be at least eighteen (18) years of age or older;
- Share a close personal relationship and be responsible for each other's common welfare;
- Be of the same or opposite sex;
- Be each other's sole domestic partner;
- Not be married to anyone nor have had another domestic partner within the past six months;
- Not be related by blood close to that which would bar marriage in the State of California;
- Share the same residence, be mutually financially responsible for basic living expenses, and provide requested documentation of these criteria.

## BENEFIT PROGRAM SPECIFIC REQUIREMENTS

In order to comply with the carrier regulations, the FDAC EBA must incorporate eligibility requirements for each specific product offered to eligible member districts. In order to be considered an eligible member District, you will be required to agree to each requirement separately per product.

Medical – Minimum participation requirement of 75% of eligible active employees must be enrolled in the medical program. Employees have the option to waive their benefits, if they are covered through a spouse's employer sponsored group health plan.

A Member District with only retirees or only directors will not be eligible to participate in the medical, dental or vision program.

**Deleted:** A Retiree or Board Only District will not be eligible to participate in the medical, dental or vision program.

The FDAC EBA reserves the right to review a District's eligibility for membership and rate level, with the ability to deny coverage to new groups, terminate coverage for existing groups, and/or adjust rates for any group based on the following:

- Enrollment increases or decreases by more than 10% during any 12-month period
- Plan participation drops below 75% of total eligible active and retired employees (note that any opt outs require proof of medical coverage provided through an employer sponsored group health plan)
- Active employee enrollment drops below 50% of total covered employees (e.g., non-active members such as retirees, board members, COBRA, etc. must not exceed 50% of the group)

Dental – There are two types of PPO dental plans offered, Voluntary and Non-Voluntary.

- Voluntary Dependent plan requires the District pay 100% for all eligible employees with a no opt-out provision. Employers are not required to contribute toward the cost of dependent coverage.
- Non-Voluntary Dependent plan requires the District pay 100% for all eligible employees and at least 75% of the cost for dependent coverage. Employees are required to enroll in at least employee only coverage and have the option to waive enrollment for their dependents.
- The EBA also offers a DHMO plan through MetLife. This requires 100% participation of at least employee only coverage.

Vision – Employees have the option to enroll themselves and their eligible dependents at initial enrollment. If employee waives coverage, they will be required to wait until open enrollment or within 31 days of a qualifying event. Employees that sign up must remain on the plan for at least one year.

Basic Life and AD&D – All eligible employees must enroll in this benefit at time of hire. This is a District paid benefit.

Voluntary Life Insurance – Employees have the option to elect coverage for themselves at time of hire. Employees can elect to enroll in up to \$200,000 in \$20,000 increments without having to provide proof of good health. Anything above \$200,000 but no more than \$300,000 will require evidence of insurability and approval by the carrier.

Voluntary Spouse Insurance – Employees have the option to elect up to 50% of their own elected amount for their spouse in \$10,000 increments. \$20,000 is guaranteed issue and evidence of insurability is not required. Anything above the \$20,000 but no more than 50% of the employees' elected amount will require approval by the carrier.

Voluntary Child Insurance – Employees have the option to elect up to \$10,000 in \$2,000 increments for their eligible dependent children and does not require evidence of insurability for dependent children under age 19.

There is no open enrollment for the voluntary life products. If an employee does not elect this coverage at time of hire, they can request coverage at open enrollment. Regardless of the amount requested, it is subject to evidence of insurability and must be approved by the carrier. The coverage requested is not guarantee issue.